

AMENDED IN ASSEMBLY AUGUST 11, 1997

AMENDED IN ASSEMBLY JULY 3, 1997

AMENDED IN ASSEMBLY JUNE 18, 1997

AMENDED IN SENATE APRIL 1, 1997

SENATE BILL

No. 271

Introduced by Senator Thompson and Assembly Member

Ducheny

(Principal coauthor: Assembly Member Woods)

(Coauthor: Assembly Member Machado)

February 5, 1997

An act to ~~amend Sections 25014.6 and 25017 of the Corporations Code, relating to securities; repeal, and to add, repeal, and add Section 6217 of, to add Section 6217.1 to, and to add Chapter 3.2 (commencing with Section 6230) to Part 1 of Division 6 of, the Public Resources Code, relating to State Lands Commission revenues, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 271, as amended, M. Thompson. ~~Securities: rollup transactions~~ State Lands Commission revenues.

Under existing law, with specified exceptions, revenue, money, and remittances received by the State Lands Commission are required to be applied to specified obligations in a prescribed order, including specified amounts deposited in the General Fund. Those provisions also contain provisions pertaining to the California Sea Grant Program.

This bill would repeal those provisions.

The bill would provide that the revenue, money, and remittances be applied first to the General Fund to make specified payments, then to the California Housing Trust Fund in the amount of \$2,000,000 each fiscal year, and then, as specified, to the Resources Trust Fund that the bill would create. The bill would create the Salmon and Steelhead Trout Restoration Account in the trust fund and create the Natural Resources Infrastructure Fund as an account in the trust fund. The bill would provide for the allocation of trust fund money between the account and the infrastructure fund, as prescribed. The bill would prescribe the uses of the money in the account and the infrastructure fund and specify related matters. These provisions would become inoperative July 1, 2003, and be repealed January 1, 2004.

The bill would provide for the Department of Fish and Game to grant funds from the account for fish habitat projects, as specified, subject to specified requirements.

The bill would relocate the provisions pertaining to the California Sea Grant Program.

The bill would require the Controller to transfer the sum of \$29,549,000 in revenue, money, and remittances received by the commission in the 1996–97 fiscal year to the General Fund.

The bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law defines a rollup transaction for purposes of securities laws. Among other limitations placed upon a rollup transaction, a rollup transaction is not entitled to certain exemptions from qualification requirements unless the rollup transaction is an eligible rollup transaction. In general, a rollup transaction is a transaction that involves the combination or reorganization of one or more finite-life limited partnerships in certain instances. However, existing law specifies that a rollup transaction does not include various transactions, including a transaction that the Securities and Exchange Commission exempts from the definition of a rollup transaction, by a specified rule.~~

~~This bill would provide that if a rollup transaction is exempt from the definition of a rollup transaction under the rule of the Securities and Exchange Commission because it has been~~

~~approved by a court, the exemption provided by state law shall apply only if the court, or a special master appointed by the court, has determined that the transaction meets the requirements for an eligible rollup transaction or that the transaction is fair, just, and equitable, as specified.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 25014.6 of the Corporations~~

2 ~~SECTION 1. Section 6217 of the Public Resources~~
3 ~~Code is repealed.~~

4 ~~6217. With the exception of revenues derived from~~
5 ~~state school lands and from sources described in Sections~~
6 ~~6217.6, 6301.5, 6301.6, 6855, and 8551 to 8558, inclusive, and~~
7 ~~Section 6406 (insofar as the proceeds are from property~~
8 ~~that has been distributed or escheated to the state in~~
9 ~~connection with unclaimed estates of deceased persons),~~
10 ~~the commission shall deposit in the State Treasury all~~
11 ~~revenues, moneys, and remittances received by it under~~
12 ~~this division, and under Chapter 138 of the Statutes of~~
13 ~~1964, First Extraordinary Session, and these sums shall be~~
14 ~~applied to the following obligations in the following~~
15 ~~order:~~

16 ~~(a) To the General Fund, the revenue necessary to~~
17 ~~provide in any fiscal year for the following:~~

18 ~~(1) Payment of refunds, authorized by the~~
19 ~~commission, out of appropriations made for that purpose~~
20 ~~by the Legislature.~~

21 ~~(2) Payment of expenditures of the commission as~~
22 ~~provided in the annual Budget Act approved by the~~
23 ~~Legislature.~~

24 ~~(3) Payments to cities and counties of the amounts~~
25 ~~specified in Section 6817 for the purposes specified in that~~
26 ~~section, and the revenues so deposited are appropriated~~
27 ~~for that purpose.~~

28 ~~(4) Payments to cities and counties of the amounts~~
29 ~~agreed to pursuant to Section 6875.~~

~~(b) To the California Water Fund each fiscal year the amount of twenty-five million dollars (\$25,000,000).~~

~~(c) To the Central Valley Water Project Construction Fund each fiscal year the amount of five million dollars (\$5,000,000).~~

~~(d) (1) To the General Fund, the amount of five hundred twenty-five thousand dollars (\$525,000) for each of the 1994-95, 1995-96, 1996-97, 1997-98, and 1998-99 fiscal years for distribution for public and private higher education for use as up to two-thirds of the local matching share for projects under the National Sea Grant College and Program Act of 1966 (P.L. 89-688) approved, upon the recommendation of the advisory panel appointed pursuant to this section, by the Secretary of the Resources Agency or his or her designee. The Secretary of the Resources Agency shall submit a report to the Legislature on or before January 1, 1993, that evaluates this program and makes recommendations on whether changes should be made to the program or whether it should be continued. The Legislature shall consider recommendations from the Secretary of the Resources Agency and other interested parties on the benefits to the people of the state derived from this program and shall determine whether or not to continue similar appropriations for subsequent fiscal years.~~

~~(2) There shall be an advisory panel to the Secretary of the Resources Agency consisting of 17 members, which shall do all of the following:~~

~~(A) Identify state needs that might be met through Sea Grant research projects, including, but not limited to, such fields as living marine resources, aquaculture, ocean engineering, marine minerals, public recreation, coastal physical processes and coastal and ocean resources planning and management, and marine data acquisition and dissemination, establish priorities for those needs, and transmit those needs and priorities to the Legislature not later than January 1 of each year and include them in all announcements of proposals for grants in the following fiscal year.~~

1 ~~(B) Review all applications for funding under this~~
2 ~~section and make recommendations based upon the~~
3 ~~priorities it establishes.~~

4 ~~(C) Periodically review progress on Sea Grant~~
5 ~~research projects subsequent to their approval and~~
6 ~~funding under this section.~~

7 ~~(D) Make recommendations to the Secretary of the~~
8 ~~Resources Agency with respect to the implementation of~~
9 ~~this section.~~

10 ~~(3) The Secretary of the Resources Agency shall~~
11 ~~appoint the following members of the advisory panel,~~
12 ~~who shall serve at the pleasure of the secretary:~~

13 ~~(A) A representative of the Department of Boating~~
14 ~~and Waterways.~~

15 ~~(B) A representative of the Department of~~
16 ~~Conservation.~~

17 ~~(C) A representative of the Department of Fish and~~
18 ~~Game.~~

19 ~~(D) The Executive Director of the California Coastal~~
20 ~~Commission or his or her designee.~~

21 ~~(E) A representative of the fish industry.~~

22 ~~(F) A representative of the aquaculture industry.~~

23 ~~(G) A representative of the ocean engineering~~
24 ~~industry.~~

25 ~~(H) A representative of the University of California.~~

26 ~~(I) A representative of the California State University.~~

27 ~~(J) A representative of a private California institution~~
28 ~~of higher education which is participating in the National~~
29 ~~Sea Grant Program.~~

30 ~~(K) A representative of the State Lands Commission.~~

31 ~~(L) A representative of the Office of Environmental~~
32 ~~Health Hazard Assessment.~~

33 ~~(M) A representative of the State Water Resources~~
34 ~~Control Board.~~

35 ~~(N) A representative of the Office of Oil Spill~~
36 ~~Prevention and Response in the Department of Fish and~~
37 ~~Game, designated by the administrator for oil spill~~
38 ~~response.~~

~~(4) The Senate Committee on Rules shall appoint one Member of the Senate to the panel, who shall serve at the pleasure of the Senate Committee on Rules.~~

~~(5) The Speaker of the Assembly shall appoint one Member of the Assembly to the panel, who shall serve at the pleasure of the Speaker. This member shall not be of the same political party as the member appointed by the Senate Committee on Rules.~~

~~(6) The Secretary of the Resources Agency, or the secretary's designee, shall serve as chairperson of the panel. Panel members shall serve without compensation.~~

~~(7) The Sea Grant research projects selected for state support under this subdivision shall have a clearly defined benefit to the people of the state. These projects, to be conducted by universities, colleges, or other institutions participating in the California Sea Grant College Program, shall be applicable to marine and coastal resources management, policy, science, and engineering issues that face the state now or in the reasonably foreseeable future. The Legislature hereby finds and declares that the funding provided by this subdivision is needed to stimulate the development and utilization of ocean and coastal resources by working constructively with private sector firms and individuals. The Legislature further recognizes the high productivity of the California Sea Grant College Program, the only statewide program systematically devoted to supporting fundamental research, education, and extension activities on the diversity of problems related to marine resource protection and development. Nothing in this subdivision shall be construed to preclude the application for funding of any project that would be eligible for funding under the terms of the National Sea Grant College and Program Act of 1966.~~

~~(e) To the Capital Outlay Fund for Public Higher Education for the 1984-85 fiscal year the amount of one hundred two million one hundred sixty-eight thousand dollars (\$102,168,000), and for each fiscal year thereafter, the amount necessary to provide for an unencumbered balance available for appropriation on July 1 of each fiscal~~

~~year of one hundred twenty-five million dollars (\$125,000,000).~~

~~(f) To the Energy and Resources Fund each fiscal year, commencing with the 1985-86 fiscal year, the amount of sixty-five million dollars (\$65,000,000).~~

~~(g) To the Special Account for Capital Outlay, the balance of all revenues in excess of the amount distributed under subdivisions (a), (b), (c), (d), (e), and (f).~~

~~The commission may authorize the refund of moneys received or collected by it illegally or by mistake, inadvertence, or error. Claims authorized by the commission shall be filed with the Controller, and the Controller shall draw his or her warrant against the General Fund in payment of the refund from any appropriation made for that purpose.~~

~~All references in any law to former Section 6816, which was repealed by Chapter 981 of the Statutes of 1968, shall be deemed to refer to this section.~~

SEC. 2. Section 6217 is added to the Public Resources Code, to read:

6217. (a) With the exception of revenue derived from state school lands and from sources described in Sections 6217.6, 6301.5, 6301.6, 6855, and Sections 8551 to 8558, inclusive, and Section 6406 (insofar as the proceeds are from property that has been distributed or escheated to the state in connection with unclaimed estates of deceased persons), the commission shall deposit in the State Treasury all revenue, money, and remittances received by the commission under this division, and under Chapter 138 of the Statutes of 1964, First Extraordinary Session, and those funds shall be applied to the following obligations in the following order:

(1) To the General Fund, the revenue necessary to provide in any fiscal year for the following:

(A) Payment of refunds, authorized by the commission, out of appropriations made for that purpose by the Legislature.

1 (B) Payment of expenditures of the commission as
2 provided in the annual Budget Act enacted by the
3 Legislature.

4 (C) Payments to cities and counties of the amounts
5 specified in Section 6817 for the purposes specified in that
6 section, and the revenues so deposited are appropriated
7 for that purpose.

8 (D) Payments to cities and counties of the amounts
9 agreed to pursuant to Section 6875.

10 (2) To the California Housing Trust Fund, each fiscal
11 year, the amount of two million dollars (\$2,000,000).

12 (3) (A) To the Resources Trust Fund, which is hereby
13 created in the State Treasury.

14 (B) The Controller shall transfer the sum of thirty
15 million three hundred forty-seven thousand dollars
16 (\$30,347,000) of the revenue, money, and remittances
17 received by the State Lands Commission pursuant to this
18 section in the 1997–98 fiscal year to the Resources Trust
19 Fund. The Controller shall transfer the balance, if any, of
20 all such revenue, money, and remittances received by the
21 commission in the 1997–98 fiscal year to the General
22 Fund.

23 (C) Commencing July 1, 1998, the Controller shall,
24 after meeting the obligations in paragraphs (1) and (2),
25 transfer the balance of all such revenue, money, and
26 remittances received by the commission pursuant to this
27 section in each fiscal year to the Resources Trust Fund.

28 (D) The money in the Resources Trust Fund shall be
29 collected for the purposes of, and held in trust for,
30 preserving and protecting the natural and recreational
31 resources of the state, as specified in subdivisions (b) and
32 (c) and in Section 6217.1.

33 (b) The Salmon and Steelhead Trout Restoration
34 Account is hereby created in the Resources Trust Fund.
35 The money in the account shall be appropriated in the
36 annual Budget Act to the Department of Fish and Game
37 for expenditure for the recovery of coho salmon, other
38 species of salmon, and anadromous trout pursuant to
39 Section 6217.1 of this code and Chapter 8 (commencing

1 with Section 2760) of Division 3 of the Fish and Game
2 Code.

3 (c) The Natural Resources Infrastructure Fund is
4 hereby created as an account in the Resources Trust
5 Fund. The money in the Natural Resources
6 Infrastructure Fund shall be available for expenditure,
7 upon appropriation by the Legislature, for the purposes
8 of preserving and protecting the natural and recreational
9 resources of the state in accordance with paragraph (3)
10 of subdivision (d).

11 (d) (1) Of the amount deposited in the Resources
12 Trust Fund for the 1997–98 fiscal year pursuant to
13 subparagraph (B) of paragraph (3) of subdivision (a), the
14 Controller shall transfer the sum of three million dollars
15 (\$3,000,000) to the Salmon and Steelhead Trout
16 Restoration Account, and the sum of twenty-seven
17 million three hundred forty-seven thousand dollars
18 (\$27,347,000) to the Natural Resources Infrastructure
19 Fund.

20 (2) Commencing July 1, 1998, of the amount deposited
21 for each fiscal year in the Resources Trust Fund pursuant
22 to subparagraph (C) of paragraph (3) of subdivision (a),
23 the Controller shall annually transfer eight million dollars
24 (\$8,000,000) to the Salmon and Steelhead Trout
25 Restoration Account. However, the Controller may
26 transfer less than eight million dollars (\$8,000,000) if the
27 Controller determines that the Resources Trust Fund will
28 receive less than that amount during the fiscal year. If the
29 Controller makes that determination, the Controller shall
30 transfer the entire balance of the Resources Trust Fund
31 to the Salmon and Steelhead Trout Restoration Account.

32 (3) If, after making the annual transfer required by
33 paragraph (2), any money remains in the Resources Trust
34 Fund, the Controller shall, commencing July 1, 1998,
35 annually transfer the balance of the trust fund to the
36 Natural Resources Infrastructure Fund. Priority for the
37 use of the money in the Natural Resources Infrastructure
38 Fund shall be given to the following:

39 (A) For expenditure by the Department of Fish and
40 Game, upon appropriation by the Legislature, for

1 environmental review and monitoring, consultation with
2 lead agencies, recommending mitigation measures, and
3 enforcement related activities pursuant to Division 13
4 (commencing with Section 21000).

5 (B) For expenditure, upon appropriation by the
6 Legislature, for the purposes of land acquisition in
7 Orange County and San Diego County pursuant to
8 Chapter 10 (commencing with Section 2800) of Division
9 3 of the Fish and Game Code.

10 (C) For expenditure to meet the requirements of
11 Section 2796 of the Fish and Game Code that are not met
12 pursuant to Section 2795 of the Fish and Game Code,
13 upon appropriation by the Legislature.

14 (D) For expenditure for nonpoint source pollution
15 control programs of the State Water Resources Control
16 Board and the California Coastal Commission, upon
17 appropriation by the Legislature.

18 (e) The Controller shall transfer any unencumbered
19 balances remaining in the Salmon and Steelhead Trout
20 Restoration Account and the Natural Resources
21 Infrastructure Fund on June 30 of each year to the
22 General Fund.

23 (f) This section shall become inoperative on July 1,
24 2003, and, as of January 1, 2004, is repealed, unless a later
25 enacted statute, which becomes effective on or before
26 January 1, 2004, deletes or extends the dates on which it
27 becomes inoperative and is repealed.

28 SEC. 3. Section 6217 is added to the Public Resources
29 Code, to read:

30 6217. (a) With the exception of revenue derived
31 from state school lands and from sources described in
32 Sections 6217.6, 6301.5, 6301.6, 6855, and Sections 8551 to
33 8558, inclusive, and Section 6404 (insofar as the proceeds
34 are from property that has been distributed or escheated
35 to the state in connection with unclaimed estates of
36 deceased persons), the commission shall deposit all
37 revenue, money, and remittances received by the
38 commission under this division, and under Chapter 138 of
39 the Statutes of 1964, First Extraordinary Session, in the
40 General Fund.

1 ***(b) This section shall become operative on July 1, 2003.***

2 ***SEC. 4. Section 6217.1 is added to the Public***
3 ***Resources Code, to read:***

4 ***6217.1. (a) For purposes of this section, "project"***
5 ***means an activity that improves fish habitat in coastal***
6 ***waters utilized by salmon and anadromous trout species.***

7 ***(b) (1) The Department of Fish and Game shall grant***
8 ***funds from the Salmon and Steelhead Trout Restoration***
9 ***Account created in the Resources Trust Fund pursuant to***
10 ***paragraph (1) of subdivision (b) of Section 6217, as***
11 ***follows:***

12 ***(A) At least 87.5 percent of the funds shall be allocated***
13 ***as project grants through the existing grant program***
14 ***operated by the fisheries management program of the***
15 ***Department of Fish and Game.***

16 ***(B) Up to 12.5 percent of the funds may also be used***
17 ***for project contract administration activities and***
18 ***biological support staff.***

19 ***(2) (A) A project shall require the consent of a willing***
20 ***landowner, and emphasize the development of***
21 ***coordinated watershed improvement activities.***

22 ***(B) Projects that restore habitat for salmon and***
23 ***anadromous trout species that are eligible for protection***
24 ***as listed or candidate species under state or federal***
25 ***endangered species acts shall be given top funding***
26 ***priority.***

27 ***(C) Projects shall be cost-effective and treat causes***
28 ***and not symptoms of fish habitat degradation. Projects***
29 ***may implement instream, riparian, water quality, water***
30 ***quantity, and watershed prescriptions and shall be***
31 ***designed to restore the structure and function of fish***
32 ***habitat.***

33 ***(c) (1) A citizen's advisory committee shall be***
34 ***appointed by the Director of Fish and Game, to give***
35 ***advice on the grant program.***

36 ***(2) The advisory committee shall consist of five***
37 ***representatives from the California Advisory Committee***
38 ***on Salmon and Steelhead Trout, one representative from***
39 ***the agriculture industry, one representative from the***
40 ***timber industry, one academic or research scientist with***

1 expertise in anadromous fisheries restoration, and two
2 county supervisors from coastal counties in which
3 anadromous trout exist. The county supervisor members
4 shall be recommended by the California State Association
5 of Counties.

6 (3) The advisory committee shall provide oversight of,
7 and recommend priorities for, grant funding under this
8 section. In making funding decisions, the Department of
9 Fish and Game shall consider the project selection
10 priorities established by the advisory committee.

11 (d) The money in the Salmon and Steelhead Trout
12 Restoration Account shall be allocated as follows:

13 (1) Not less than 65 percent of the money shall be used
14 for salmon habitat protection and restoration projects. Of
15 that amount, at least 75 percent shall be used for
16 watershed (upslope) and riparian area protection and
17 restoration activities.

18 (2) Up to 35 percent of the money shall be allocated for
19 any of the following uses:

20 (A) Watershed evaluation, assessment, and planning
21 necessary to develop a site-specific and clearly prioritized
22 plan to implement watershed improvements.

23 (B) Multiyear grants for watershed planning and
24 project monitoring and evaluations.

25 (C) Watershed organization support and assistance.

26 (D) Project maintenance and monitoring after the
27 project implementations are complete.

28 (E) Public school watershed and fishery conservation
29 education projects.

30 (F) Private sector technical training and education
31 project grants, including teaching private landowners
32 about practical means of improving land and water
33 management practices that, if implemented, will
34 contribute to the protection and restoration of salmon
35 stream habitat; scholarship funding for workshops and
36 conferences that teach restoration techniques; operation
37 of nonprofit restoration technical schools; and production
38 of restoration training and education workshops and
39 conferences.

1 (G) California Forestry Incentive Program (CFIP)
2 projects that meet CFIP guidelines.

3 (H) The salmon restoration project of the California
4 Conservation Corps.

5 (I) The state's share of the federal Watershed
6 Stewards Program.

7 SEC. 5. Chapter 3.2 (commencing with Section 6230)
8 is added of Part 1 of Division 6 of the Public Resources
9 Code, to read:

10
11 CHAPTER 3.2. SEA GRANT PROGRAM
12

13 6230. An amount specified in the annual Budget Act
14 shall be available for distribution for public and private
15 higher education for use as up to two-thirds of the local
16 matching share for projects under the National Sea Grant
17 College and Program Act of 1966 (P.L. 89-688) approved,
18 upon the recommendation of the advisory panel
19 appointed pursuant to Section 6232, by the Secretary of
20 the Resources Agency or the secretary's designee. The
21 secretary shall submit a report to the Legislature on or
22 before January 1, 1998, that evaluates this program and
23 contains recommendations from the secretary and other
24 interested parties on the benefits to the people of the
25 State of California that are derived from the program and
26 recommends whether or not to continue similar
27 appropriations for subsequent fiscal years.

28 6231. There shall be a Sea Grant Advisory Panel
29 consisting of 17 members as provided in Sections 6232,
30 6233, and 6234. The advisory panel shall do all of the
31 following:

32 (a) Identify state needs that might be met through sea
33 grant research projects, including, but not limited to, such
34 fields as living marine resources, aquaculture, ocean
35 engineering, marine minerals, public recreation, coastal
36 physical processes and coastal and ocean resources
37 planning and management, and marine data acquisition
38 and dissemination, establish priorities for those needs,
39 and transmit those needs and priorities to the Legislature
40 not later than January 1 of each year and include them in

1 *all announcements of proposals for grants in the following*
2 *fiscal year.*

3 *(b) Review all applications for funding under this*
4 *section and make recommendations based upon the*
5 *priorities it establishes.*

6 *(c) Periodically review progress on sea grant research*
7 *projects subsequent to their approval and funding under*
8 *this chapter.*

9 *(d) Make recommendations to the Secretary of the*
10 *Resources Agency with respect to the implementation of*
11 *this section.*

12 *6232. The Secretary of the Resources Agency shall*
13 *appoint the following members of the advisory panel,*
14 *who shall serve at the pleasure of the secretary:*

15 *(a) A representative of the Department of Boating*
16 *and Waterways.*

17 *(b) A representative of the Department of*
18 *Conservation.*

19 *(c) A representative of the Department of Fish and*
20 *Game.*

21 *(d) The Executive Director of the California Coastal*
22 *Commission or the executive director's designee.*

23 *(e) A representative of the fish industry.*

24 *(f) A representative of the aquaculture industry.*

25 *(g) A representative of the ocean engineering*
26 *industry.*

27 *(h) A representative of the University of California.*

28 *(i) A representative of the California State University.*

29 *(j) A representative of a private California institution*
30 *of higher education that is participating in the National*
31 *Sea Grant Program.*

32 *(k) A representative of the State Lands Commission.*

33 *(l) A representative of the Office of Environmental*
34 *Health Hazard Assessment.*

35 *(m) A representative of the State Water Resources*
36 *Control Board.*

37 *(n) A representative of the Office of Oil Spill*
38 *Prevention and Response in the Department of Fish and*
39 *Game, designated by the administrator for oil spill*
40 *response.*

1 6233. (a) *The Senate Committee on Rules shall*
2 *appoint one Member of the Senate to the advisory panel,*
3 *who shall serve at the pleasure of the Senate Committee*
4 *on Rules.*

5 (b) *The Speaker of the Assembly shall appoint one*
6 *Member of the Assembly to the advisory panel, who shall*
7 *serve at the pleasure of the Speaker. This member shall*
8 *not be of the same political party as the member*
9 *appointed by the Senate Committee on Rules.*

10 6234. *The Secretary of the Resources Agency, or the*
11 *secretary's designee shall be a member of the advisory*
12 *panel and shall serve as chairperson of the advisory panel.*

13 6235. *All advisory panel members shall serve without*
14 *compensation.*

15 6236. *The Sea Grant research projects selected for the*
16 *state support under this chapter shall have a clearly*
17 *defined benefit to the people of the State of California.*
18 *Those projects, to be conducted by universities, colleges,*
19 *or other institutions participating in the California Sea*
20 *Grant College Program, shall be applicable to marine and*
21 *coastal resources management, policy, science, and*
22 *engineering issues that face this state now or in the*
23 *reasonably foreseeable future.*

24 6237. (a) *The Legislature hereby finds and declares*
25 *that the funding provided by this chapter is needed to*
26 *stimulate the development and utilization of ocean and*
27 *coastal resources by working constructively with private*
28 *sector firms and individuals.*

29 (b) *The Legislature further recognizes the high*
30 *productivity of the California Sea Grant College*
31 *Program, the only statewide program systematically*
32 *devoted to supporting fundamental research, education,*
33 *and extension activities on the diversity of problems*
34 *related to marine resources protection and development.*

35 6238. *Nothing in this chapter shall be construed to*
36 *preclude the application for funding of any project that*
37 *would be eligible for funding under the terms of the*
38 *National Sea Grant College and Program Act of 1966.*

39 SEC. 6. *On June 30, 1997, notwithstanding any other*
40 *provision of law, the Controller shall transfer the sum of*

1 twenty-nine million five hundred forty-nine thousand
2 dollars (\$29,549,000) in revenue, money, and remittances
3 received by the State Lands Commission in the 1996–97
4 fiscal year pursuant to Section 6217 of the Public
5 Resources Code, as described in subdivision (a) of Section
6 6217 of the Public Resources Code, to the General Fund.

7 SEC. 7. This act is an urgency statute necessary for the
8 immediate preservation of the public peace, health, or
9 safety within the meaning of Article IV of the
10 Constitution and shall go into immediate effect. The facts
11 constituting the necessity are:

12 In order to make the necessary statutory changes to
13 implement the Budget Act of 1997 at the earliest possible
14 time, it is necessary that this act take effect immediately.

15 Code is amended to read:

16 25014.6. “Rollup transaction” means any transaction
17 or series of transactions that directly or indirectly through
18 acquisition or otherwise involves the combination or
19 reorganization of one or more rollup participants and is
20 one of the following:

21 (a) The offer or sale of securities by a successor entity,
22 whether newly formed or previously existing, to one or
23 more investors of the rollup participants to be combined
24 or reorganized.

25 (b) The acquisition of the successor entity’s securities
26 by the rollup participants being combined or
27 reorganized; provided, however, that a rollup transaction
28 shall not include any transaction that:

29 (1) The Securities and Exchange Commission
30 exempts from the definition of a rollup transaction
31 pursuant to subparagraph (c)(ii) of Item 901 of
32 Regulation S-K adopted by the Securities and Exchange
33 Commission. However, if a rollup transaction is exempt
34 from the definition of a rollup transaction under that
35 provision because it has been approved by a court, the
36 exemption provided by this paragraph shall apply only if
37 the court, or a special master appointed by the court, has
38 determined that (A) the transaction meets the
39 requirements of Section 25014.7 for an eligible rollup
40 transaction, or (B) the transaction is otherwise fair, just,

1 and equitable pursuant to the criteria set forth in
2 subdivision (b) of Section 25140 and the regulations
3 adopted under that provision, or any criteria in addition
4 to those set forth in subdivision (b) of Section 25140 and
5 the regulations adopted under that provision as a court
6 deems appropriate when deciding whether to approve a
7 rollup transaction.

8 (2) Is determined to be exempt from this definition by
9 the Commissioner of Corporations upon his or her
10 determination that this action is in the public interest and
11 consistent with the protection of investors.

12 (3) Involves one or more limited partnerships all of the
13 securities of which are, prior to the transaction, securities
14 for which transactions are reported under a transaction
15 reporting plan declared effective before January 1, 1991,
16 by the Securities and Exchange Commission under
17 Section 11A of the Securities Exchange Act of 1934.

18 (4) Involves only those issuers not required to register
19 or report under Section 12 of the Securities Exchange Act
20 of 1934 where the resulting issuer is also not required to
21 register or report under Section 12.

22 (5) Involves the reorganization to corporate, trust, or
23 association form or restructuring of a single limited
24 partnership if, as a consequence of the proposed
25 transaction there will be no significant, adverse change in
26 any of the following: voting rights, the term of existence
27 of the entity, management compensation, or investment
28 objectives.

29 (6) Involves the reorganization to corporate, trust, or
30 association form or restructuring of a single limited
31 partnership if each investor is provided an option to
32 retain a security under substantially the same terms and
33 conditions as the original issue.

34 (7) Involves the reorganization to corporate, trust, or
35 association form or restructuring of a single limited
36 partnership if transactions in the security issued as a result
37 of the reorganization or restructuring are not reported
38 under a transaction reporting plan declared effective
39 before January 1, 1991, by the Securities and Exchange

1 ~~Commission under Section 11A of the Securities~~
2 ~~Exchange Act of 1934.~~

3 ~~SEC. 2. Section 25017 of the Corporations Code is~~
4 ~~amended to read:~~

5 ~~25017. (a) "Sale" or "sell" includes every contract of~~
6 ~~sale of, contract to sell, or disposition of, a security or~~
7 ~~interest in a security for value. "Sale" or "sell" includes~~
8 ~~any exchange of securities and any change in the rights,~~
9 ~~preferences, privileges, or restrictions of or on~~
10 ~~outstanding securities.~~

11 ~~(b) "Offer" or "offer to sell" includes every attempt or~~
12 ~~offer to dispose of, or solicitation of an offer to buy, a~~
13 ~~security or interest in a security for value.~~

14 ~~(c) Any security given or delivered with, or as a bonus~~
15 ~~on account of, any purchase of securities or any other~~
16 ~~thing constitutes a part of the subject of the purchase and~~
17 ~~is considered to have been offered and sold for value.~~

18 ~~(d) A purported gift of assessable stock involves an~~
19 ~~offer and sale.~~

20 ~~(e) Every sale or offer of a warrant or right to purchase~~
21 ~~or subscribe to another security of the same or another~~
22 ~~issuer, as well as every sale or offer of a security which~~
23 ~~gives the holder a present or future right or privilege to~~
24 ~~convert the security into another security of the same or~~
25 ~~another issuer, includes an offer and sale of the other~~
26 ~~security only at the time of the offer or sale of the warrant~~
27 ~~or right or convertible security; but neither the exercise~~
28 ~~of the right to purchase or subscribe or to convert nor the~~
29 ~~issuance of securities pursuant thereto is an offer or sale.~~

30 ~~(f) The terms defined in this section do not include:~~
31 ~~(1) any bona fide secured transaction in or loan of~~
32 ~~outstanding securities; (2) any stock dividend payable~~
33 ~~with respect to common stock of a corporation solely~~
34 ~~(except for any cash or scrip paid for fractional shares) in~~
35 ~~shares of such common stock, if the corporation has no~~
36 ~~other class of voting stock outstanding; provided, that~~
37 ~~shares issued in any such dividend shall be subject to any~~
38 ~~conditions previously imposed by the commissioner~~
39 ~~applicable to the shares with respect to which they are~~
40 ~~issued; or (3) any act incident to a transaction or~~

1 ~~reorganization approved by a state or federal court in~~
2 ~~which securities are issued and exchanged for one or~~
3 ~~more outstanding securities, claims or property interests,~~
4 ~~or partly in such exchange and partly for cash, and~~
5 ~~nothing in this division shall be construed to prevent a~~
6 ~~court from applying the protections described in Section~~
7 ~~25014.7 or subdivision (b) of Section 25140 and the~~
8 ~~regulations adopted under that provision when~~
9 ~~approving any transaction involving a rollup participant.~~
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